

HERITAGE FINANCIAL CORPORATION

	CPP Disbursement Date 02/13/2009	RSSD (Holding Company) 2166124	Number of Insured Depository Institutions 1		
Selected balance and off-balance sheet items	2012 \$ millions	2013 \$ millions	%chg from prev		
Assets	\$1,486	\$1,658	11.5%		
Loans	\$1,085	\$1,232	13.5%		
Construction & development	\$86	\$73	-14.3%		
Closed-end 1-4 family residential	\$115	\$116	1.3%		
Home equity	\$31	\$29	-4.8%		
Credit card	\$0	\$0			
Other consumer	\$7	\$5	-24.9%		
Commercial & Industrial	\$240	\$226	-6.0%		
Commercial real estate	\$513	\$614	19.8%		
Unused commitments	\$190	\$234	23.2%		
Securitization outstanding principal	\$0	\$0			
Mortgage-backed securities (GSE and private issue)	\$112	\$108	-3.7%		
Asset-backed securities	\$0	\$0	93.3%		
Other securities	\$100	\$91	-8.5%		
Cash & balances due	\$131	\$146	11.3%		
Residential mortgage originations					
Closed-end mortgage originated for sale (quarter)	\$6	\$0	-100.0%		
Open-end HELOC originated for sale (quarter)	\$0	\$0			
Closed-end mortgage originations sold (quarter)	\$6	\$0	-100.0%		
Open-end HELOC originations sold (quarter)	\$0	\$0			
Liabilities	\$1,284	\$1,446	12.6%		
Deposits	\$1,259	\$1,408	11.8%		
Total other borrowings	\$16	\$29	79.9%		
FHLB advances	\$0	\$0			
Equity					
Equity capital at quarter end	\$202	\$212	5.0%		
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$46	NA		
Performance Ratios					
Tier 1 leverage ratio	12.4%	11.1%	--		
Tier 1 risk based capital ratio	17.7%	15.3%	--		
Total risk based capital ratio	18.9%	16.5%	--		
Return on equity ¹	6.0%	3.6%	--		
Return on assets ¹	0.8%	0.5%	--		
Net interest margin ¹	4.7%	4.7%	--		
Coverage ratio {(ALLL+Alloc transfer risk)/Noncurrent loans}}	89.4%	154.2%	--		
Loss provision to net charge-offs (qtr)	43.9%	119.6%	--		
Net charge-offs to average loans and leases ¹	0.6%	0.1%	--		
¹ Quarterly, annualized.					
	Noncurrent Loans		Gross Charge-Offs		
Asset Quality (% of Total Loan Type)	2012	2013	2012	2013	
Construction & development	11.5%	3.4%	0.4%	0.0%	--
Closed-end 1-4 family residential	5.3%	3.9%	0.2%	0.2%	--
Home equity	3.6%	2.3%	0.1%	0.1%	--
Credit card	0.0%	0.0%	0.0%	0.3%	--
Other consumer	4.2%	0.5%	0.2%	0.5%	--
Commercial & Industrial	1.4%	1.9%	0.4%	0.2%	--
Commercial real estate	1.5%	1.0%	0.0%	0.0%	--
Total loans	2.9%	1.5%	0.2%	0.1%	--